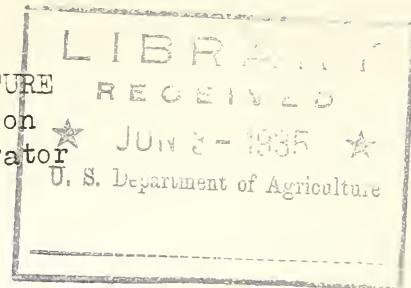


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UNITED STATES DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration
Alfred D. Stedman, Assistant Administrator
Director, Division of Information,
Washington, D. C.



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To Editors of Farm Journals:

The following information is for your use.

DeWitt C. Wing
DeWitt C. Wing
Specialist in Information

SOME FACTS ABOUT AGRICULTURAL IMPORTS

From a recent speech by Chester C. Davis, Administrator of the Agricultural Adjustment Act, at the annual Journalism Week banquet at the University of Missouri, the following is quoted:

"There is a common misconception that the government through the rental and benefit payments made under the Agricultural Adjustment Act is paying farmers for not working. For many years farmers had expanded a vast amount of labor producing commodities for markets which had disappeared. One result of their efforts was to overstock their markets and drive down prices to a point where they were woefully underpaid.

"I have seen cartoons picturing the farmer as sitting in a hammock or playing croquet while Uncle Sam handed him a check. But the eight-hour day is still a long way off, so far as the farmer is concerned. The farmer is continuing to fulfill his job of producing the essential food and fiber for the nation. Those adjustment payments are simply the means of adding substantially to the market price received by the cooperating farmer in order that he who adjusts his effort for the good of all, may be rewarded over the one who fails to cooperate.

"It is high time that the public be disabused of the idea that the farmer is the first and greatest reducer of production in the history of this country. When it comes to reducing production in order to maintain prices, the farmer is a piker compared to some of the big industrialists of this country.

"Now there is another misconception which has become common. That is the idea that the country is being flooded by imports of agricultural products. Some people, thinking to alarm farmers and the public, have even resorted to quoting figures on imports in pounds instead of bushels in order to make the total sound impressive, when actually it was trivial.



"The facts are that imports of all grains in the period of July 1, 1934, to February 28, 1935, were about 6/10 of 1 percent of this country's average production of grain. They were less than 2 percent of the reduction in the grain crop directly attributable to the drought. According to records of the Bureau of Agricultural Economics, the total imports of all competitive agricultural products, including grains, during this eight-month period were 25 percent less than the average imports for the same period during the 10 years, 1924 to 1934.

"The people have been reading a good deal about imports of Argentine corn. The facts are that the corn imports during the period I have cited totaled 6,510,000 bushels. This is about equal to the production of a good representative Iowa county--Calhoun county, for example--for an average year. Corn imports from July 1 to the end of February were about 7/10 of 1 percent of the estimated loss of corn production due to drought.

"We have heard something about imports of meat, but imports of hog products for 1934 were 1,600,000 pounds, or 18/1000 of 1 percent of the United States production for 1934 and only 26/100 of 1 percent of exports of pork products last year. All meats imported were less than half the imports in 1929.

"The agitation over imports has a background even more interesting than the story these figures tell. In 1930 the spokesmen for agriculture put up a big fight to see that farmers got a fair shake under the Smoot-Hawley tariff bill. Spokesmen for farmers took a keen interest in the industrial as well as the agricultural schedules in that act. I recall the fight that was made by progressives of both parties to see that the industrial schedules were kept within limits of a reasonable equality with agriculture.

"I remember the insistence of this coalition upon the fact that high tariff rates on such exported farm crops as wheat, pork and tobacco were meaningless. I remember that a Tariff Act acceptable to many industrialists was finally put over by a log-rolling deal involving four or five industrial commodities heavily consumed by farmers, and that farm representatives were forced to take the high industrial duties in the Smoot-Hawley Act and console themselves, if they could, with the fact that some agricultural tariff rates were raised, even though under ordinary circumstances the rate of duty would mean nothing to the producers of the exports crop.

"There is only one set of circumstances under which the tariff rates on these surplus farm crops in the Smoot-Hawley Act actually become effective for the farmers. They are effective only when the available domestic supply is reduced to a point where there is no domestic surplus. Only when the surplus is removed do farm prices rise to the top of the tariff wall so that the farmers get the full benefit of the tariff.

"In other circumstances, when there is a normal surplus, the tariff for producers of the surplus crop exists only on paper. The evidence that American farm prices have risen to the top of the tariff wall is the occasional spilling over of some imports.

"The other night I listened to a member of Congress who had, I knew, participated in the log rolling tariff deal of 1930, speak tearfully about agricultural imports. He tried to make the farmers there believe that they are being

vastly injured by the imports which, even though small, are one sign that the farmer is getting the benefit of the tariff in his domestic price.

"The real opportunity open to the press is to inform the public fully and fairly of the basic facts in the changed economic problems now confronting the country. The collapse of farm prices in 1932, bringing 12¢ corn, 30¢ wheat, \$2.60 hogs, and 5¢ cotton destroyed the purchasing power of agriculture, and widespread unemployment in cities undermined the purchasing power of millions of city people.

"At the base of all the administration's recovery measures lies one broad objective. That is to increase mass purchasing power of great economic groups which had lost it. That is the purpose of the Agricultural Adjustment Act for farmers. It is the purpose of the National Industrial Recovery Act for city workers. It is the aim of the President's pending social security legislation and of the pending amendments to the Agricultural Adjustment Act.

"These measures are all founded upon the principle that to have mass production we must have mass consumption. To have mass consumption, we must have mass consuming power; to obtain mass consuming power, it is necessary to bring about some changes in the distribution of the national income. And to accomplish this, the Administration has been required by the cold facts of the situation to do some things which have not been done before, which are new in the experience of the people. One of these new measures is the Agricultural Adjustment Act, under which more than 3,000,000 farmers are undertaking to act collectively to maintain and increase their incomes.

"Agriculture comprises about 25 percent of the public of this country, not counting those indirectly dependent on the farmer. What a home market awaits the industries of this nation when those farm families become free buyers! It is of the utmost importance to keep attention centered upon the fundamental necessity to increase mass purchasing power and to spread it into those places where none now exists through measures which keep the people busy doing useful work.

"Measures designed to accomplish this purpose should, of course, be subjected to continuous scrutiny. All the facts about their operations should be reported promptly and correctly to the public. As weaknesses develop, the operating plans should be shifted and improved so as better to accomplish the objective."

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MARKET BEEF SUPPLIES ABOVE NORMAL

Market supplies of beef are above normal and there are nearly normal numbers of cattle and calves on farms, G. B. Thorne, in charge of the Division of Livestock and Feed Grains of the Agricultural Adjustment Administration, said in a review this week of the cattle situation.

In spite of the most drastic reduction in cattle numbers on record, brought about by the drought of 1934, numbers of cattle and calves on farms are still about 4 million more than in 1928 and only about half a million under the average for the previous 10 years, it was pointed out by Mr. Thorne.

Cattle and calves on farms January 1, 1935 totaled 60,667,000 compared with the ten-year average of 61,257,000. On January 1, 1928, there were 56,701,000 head compared with the high point on January 1, 1934, when supplies totaled 68,290,000 head, and when the supply of breeding stock was the largest on record. During the six years from January 1, 1928, to January 1, 1934, the cattle population of the United States increased about 17 percent. The reduction in numbers in 1934 amounted to about 11 percent.

Inspected slaughter of cattle, exclusive of Government slaughter for relief, for the first four months of 1935 was 8.5 percent above the average for the same months in the previous five years, and 8 percent below the same period in 1934 when cattle slaughter was unusually large, according to the records of the United States Bureau of Animal Industry. Inspected slaughter of calves was 13 percent above the average for the same period in the previous five years and 6 percent below the first four months of 1934.

Storage holdings of beef in public warehouses and packing plants of 78 million pounds on May 1 this year were 67 percent greater than a year ago and 54 percent greater than the five-year average for May 1. These storage holdings of beef are exclusive of the supplies conserved in the drought program and held in storage by the Federal Surplus Relief Corporation for distribution through relief channels. Storage holdings of beef, exclusive of Federal Surplus Relief Corporation holdings, constitute 13.5 percent of the total storage holdings of all meats on that date. Storage holdings of all meats, exclusive of Federal Surplus Relief Holdings, on May 1 were 6 percent less than on May 1 last year and 16 percent smaller than the 5-year average.

The heavy storage holdings of beef, according to Mr. Thorne, can largely be accounted for by the liberal marketings of cattle last fall, forced by drought and prospects for reduced winter feed supplies.

Retail meat prices averaged 39 percent higher during the first four months of this year than in 1933, but were approximately 24 percent lower than in 1929, while the price of all foods was 22 percent lower than in 1929. Prices of non-agricultural products for the first three months of 1935 were only 15 percent lower than for 1929.

Taking the years 1924 to 1929 inclusive as 100, retail meat prices, as compiled by the Bureau of Labor Statistics from reports received from 51 cities, show that the 1929 price was 113 and the 1933 price was 61.6, while the April, 1935, price was 91.

The average farm price of cattle, which dropped from \$9.15 per 100 pounds in 1929 to \$3.63 in 1933, had risen to \$5.05 January 15, 1935 and to \$6.71 in April this year.

Government purchases of cattle under the emergency drought relief program totaled 8,296,398 head.

FARMERS HAVE RECEIVED \$678,416,926 IN ADJUSTMENT PAYMENTS

Cumulative expenditures covering rental and benefit payments to producers cooperating in agricultural adjustment programs, removal of surplus operations, and administrative expenses, chargeable against receipts from processing taxes, amounted to \$776,103,578.10 up to April 1, while processing tax receipts for the same period amounted to \$777,540,894.96, the Agricultural Adjustment Administration has announced in connection with the comptroller's monthly report.

The report includes the following expenditures for which funds are provided by the processing tax: Rental and benefit payments, \$678,416,926.45; removal and conservation of surplus agricultural commodities, \$63,853,543.69; and administrative expenses, \$33,833,107.96.

Rental and benefit payments, cumulative for all programs, by commodities are listed as follows: Cotton, \$224,962,539.09; wheat, \$162,444,856.12; tobacco, \$31,216,317.34; corn-hogs, \$253,536,280.21; and sugar, \$6,256,933.69. Removal of surplus operations paid out of processing taxes include: Hogs, \$46,081,425.74; wheat, \$6,097,239.21; dairy products, \$10,958,431.25; sugar, \$365,536.44; and peanuts, \$350,911.05.

Processing tax collections of \$777,540,894.96 reported up to April 1 totalled by commodity on which collected: wheat, \$212,546,669.77; cotton, \$219,116,924.81; compensatory taxes on paper and jute, \$11,935,120.90; tobacco, \$42,494,098; field corn, \$9,783,598.43; hogs, \$227,576,411.49; sugarcane and sugar-beets, \$48,459,991.21; peanuts, \$1,829,189.11; cotton ginning tax under Bankhead cotton control Act, \$666,336.17; tobacco producers sales tax under Kerr-Smith tobacco control Act, \$3,132,554.10.

Expenditures amounting to \$166,911,518.52 for which funds have been made available through specific appropriations or through trust fund receipts, and which are NOT financed by the processing taxes, were reported. This class of expenditures includes: \$5,571,328.84 for removal of surplus dairy products, for which funds were provided under the LaFollette Amendment to the Act: \$114,317,888.16 spent for purchase of drought cattle, from funds provided under the Jones-Connally Amendment to the Act, and funds allocated for that purpose from the Emergency Appropriations Act of 1935; \$7,660,968.80 for the purchase of drought sheep and goats, from funds allocated under the Emergency Appropriations Act; \$16,679,498.00 for conservation of seeds, from funds allocated under the Emergency Appropriations Act; \$49,160.79 paid to rice growers as a part of the minimum price set up under the rice marketing agreement, from payments into a special trust fund by millers; \$11,170,859.22 paid producers selling excess tax-exempt cotton certificates, from funds received through the sale of such certificates; and \$11,461,814.81 of the administrative expenses, from funds appropriated for expenses under the Act.

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FARM WOMEN ARE BUYING AGAIN

Farm housewives of the Nation are once more able to buy the kitchen utensils and household furniture long denied them because of depleted farm purchasing power, it is indicated by the study of railroad waybills carried on by the Agricultural Adjustment Administration.

Carlot shipments of manufactured goods for domestic and personal use, over four important railroads of the Southeast, increased by 57.6 percent, from 115,649,678 pounds to 182,308,112 pounds in the first year after the agricultural adjustment program and other recovery measures took effect. The shipments originated in 16 Northeastern industrial states and were delivered in 10 states of the agricultural Southeast.

That shipments of almost all kinds of furniture and household goods increased substantially is shown by the study. Shipments of stoves and heaters increased from 6,251,271 pounds to 11,481,799 pounds, or 83.7 percent. Refrigerators showed an increase from 4,629,050 pounds to 11,512,361 pounds, or 148.7 percent. Tables increased from 24,000 pounds to 266,560 pounds, or 1,010.7 percent, and chairs from 320,551 pounds to 708,646 pounds, an increase of 121.1 percent. Shipments of sewing machines increased from 76,515 pounds to 215,920 pounds, or 182.2 percent. Cabinets and kitchen cabinets increased from 854,106 pounds to 1,922,700 pounds, or 125.1 percent, while bookcases and desks showed a 79.1 percent gain. Electric lamps and fixtures increased from 463,066 pounds to 857,642 pounds, or 85 percent, and radios and radio parts increased from 318,670 pounds to 540,331 pounds, or 69 percent. Miscellaneous furniture increased from 7,699,575 pounds to 10,813,699 pounds, or 40.4 percent.

The study shows that in the year when the effects of the agricultural adjustment program and other recovery measures were being felt in the Southeast, shipments of carpets and linoleum from the Northeast increased from 4,423,932 pounds to 6,610,815 pounds, or 49.4 percent. There was a 137.2 percent increase in shipments of bedding, from 361,013 pounds to 856,458 pounds. Plumbers' ware and bathtubs showed a 29.4 percent gain, from 3,756,860 pounds to 4,860,175 pounds. Shipments of furnaces increased from 816,032 pounds to 2,101,198 pounds, a gain of 157.5 percent. Shipments of electrical appliances increased 26 percent, from 577,511 pounds to 729,011 pounds. Woolen blankets increased from 1,926,327 pounds to 2,484,031 pounds, or 29 percent.

With more money at their disposal, Southeastern housewives apparently restocked on dishes and other kitchen and household needs. The study shows that shipments of dishes from the Northeastern industrial states to the states of the agricultural Southeast increased 39.6 percent, from 203,700 pounds to 284,386 pounds. Kitchen utensils showed similar gains. Shipments of lawn mowers increased from 251,894 pounds to 542,713 pounds, or 115.5 percent.

Shipments of matches were more than doubled in the period when the effects of increased buying power began to be felt in the Southeast. These shipments jumped from 3,909,634 pounds to 7,973,280 pounds. During this same period shipments of shoe polish increased by more than tenfold, from 51,195 pounds to 545,123 pounds.

Some of the additional dollars in the agricultural Southeast were used to buy toilet preparations for the women folks. Shipments of these products increased by 56.8 percent, from 1,176,876 pounds to 1,844,872 pounds.

The children shared in the improved financial condition of the agricultural Southeast, as is shown by the fact that shipments of roller skates increased from 121,575 pounds to 169,876 pounds, a gain of 39.7 percent, while shipments of miscellaneous toys increased from 304,072 pounds to 493,615 pounds, or 62.1 percent.

Shipments of arms and ammunitions increased from 3,216,285 pounds to 6,238,195 pounds, a gain of 94 percent. Targets showed an increase of 254.8 percent, from 63,590 pounds to 225,608 pounds.

One part of the survey gives evidence that during the depression many funerals were held in the Southeast without the customary services and equipment. This is shown by the fact that shipments of caskets and undertakers' supplies increased by 345.5 percent, from 55,699 pounds to 248,164 pounds.

Waybills of the Southern Railway System, the Louisville & Nashville Railroad, the Central of Georgia Railroad and the Illinois Central Railroad were examined for the purpose of obtaining the necessary statistical information on which the study was based. Two successive periods of one year each were covered by the study. The first year, beginning July 1, 1932, and ending June 30, 1933, preceded the actual launching of the agricultural adjustment programs. The second year, beginning July 1, 1933, and ending June 30, 1934, covered a period when results of the program had begun to be felt.

The 16 industrial states of the Northeast from which the manufactured goods were shipped were Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, Pennsylvania, New Jersey, Delaware, Maryland, Ohio, Michigan, Indiana, Illinois, and Wisconsin.

The 10 states of the agricultural Southeast which received these goods were Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky, and West Virginia.

The study shows that the additional dollars in the hands of farmers which have resulted from higher incomes due to the agricultural adjustment program and other recovery measures, soon find their way into the channels of trade and work to increase business and industrial activity. While the increase in shipments of manufactured goods for domestic and personal use increased 57.6 percent, the study shows that carlot shipments of all manufactured and industrial goods from the 16 Northeastern states to the 10 states of the agricultural Southeast increased 38.8 percent in the same period.

The increases in shipments of industrial and manufactured goods to the Agricultural states of the Southeast, parallels an increase in the income of farmers in those states. Cash income from crops and benefit payments to Southeastern farmers participating in agricultural adjustment programs increased from \$451,637,000 in July 1932-June 1933, to \$722,017,000 in July 1933-June 1934, an increase of 59.9 percent. The major adjustment programs which the Agricultural Adjustment Administration has in operation in the Southeast are those for cotton and tobacco.

#

BOSTON MILK LICENSE AMENDED

Continuation of the existing minimum prices to producers under the Greater Boston milk license until June 1, together with three technical changes to clarify and strengthen the practical provisions of the license, are incorporated in an

amended license issued by the Agricultural Adjustment Administration, which became effective on May 1.

The existing price schedule to producers, set up by amended license in February, provided that such prices should be in effect until May 1. Examination of reliable information both as to production and supply conditions in New England and the employment and payroll situation as well, reveals no basis for making any change in the price of milk payable to producers by distributors under the license. These prices are \$3.49 per 100 pounds of 3.7 percent milk for Class 1 milk, f.o.b. railroad delivery points or dealers' plants within the sales area, and for Class 2 milk 3.7 times the average price per pound of butterfat in cream of bottling quality as quoted by the Market News Service on 40-quart cans of 40 percent cream in the Boston market, less 11-1/2 cents a pound.

The State Milk Control Board and over 90 percent of the producers by volume for the Boston market also recommended that no change be made in the license prices at this time.

The license has also been amended to include the standard provision used in most other Federal licenses relative to producer-distributors, which replaces the former exemption of 500 pounds of milk daily which such persons were not obliged to reckon in the pool adjustments.

To avoid working hardship on certain producers whose production has been reduced by drought, feed shortage or disease cattle culling, the former base penalty-provision has been modified in their behalf, to be retained until July 1, 1936, when the former penalty provision on establishment of new bases will again be effective.

Another change in the wording of the license requires distributors to cover financial obligations arising out of the license by depositing with the market administrator a bond or other security in amount equal to the value of the milk purchased from producers for one delivery period.

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BUTTER BASIS FOR CLASS 2 MILK PRICE IN BOSTON LICENSE

Determination of the Class 2 milk price and the butterfat differential under the existing Boston milk license have been changed by an amendment to afford a direct relation to the current wholesale price of 92-score butter instead of basing them on the value of butterfat in 40-quart cans of 40 percent cream, it has been announced by the Agricultural Adjustment Administration.

The amendment has the effect of returning the Class 2 price and the butterfat differentials to the former butter price basis which obtained under the original license. The request for the return to the original method came from producers' organizations and other agencies on the market. Strong indications have developed that the cream quotations upon which the Class 2 price of milk and the butterfat differentials have been established are now less effective as a true basis for such determination, partly owing to lack of sufficient trading volume of cream to secure a satisfactory quotation.

The amendment provides that the Class 2 milk price to producers shall be based on 3.7 times 115 percent of the 92-score Boston wholesale butter price for the period, plus 8-1/2 cents per 100 pounds of milk. The formula as thus established, it is pointed out, allows for the value of the overrun of butter to butterfat, the additional cost of transporting butterfat in cream over the cost of transporting it as butter, as well as the value of the skim milk which dealers may have on hand after separating cream from the milk delivered by producers.

The butterfat differential, which is the basis of compensation for differences in butterfat content in milk above or below 3.7 percent delivered by producers, is established by the amendment to afford an approximate balance between the value of such butterfat in fluid milk and for other uses. Such relationship is expressed in the addition of 10 percent to the current wholesale 92-score butter price.

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40 METROPOLITAN MILK MARKET PRICES AND MARGINS REVIEWED

Producers' prices for milk, f.o.b. dealers' plants, in 40 metropolitan markets of the country as of April 15, 1935, ranged from 3.6 cents a quart or 1.6 cents a pound at Indianapolis to 8.2 cents a quart or 3.8 cents a pound at Miami, according to a review of important markets compiled by the dairy section of the Agricultural Adjustment Administration.

Distributors' gross operating margins on retail milk delivered to homes ranged from 5.1 cents a quart or 2.3 cents a pound at Topeka to 9.3 cents a quart or 4.3 cents a pound at Greensboro, N. C. The margins were figured on the actual butterfat test prevailing in each market under which milk is sold, with the cost to distributors based on their buying price, f.o.b. the city. The review was based largely on the monthly reports of the Market News Service, Bureau of Agricultural Economics.

The prices in the April review were computed on the basis of cents per pound of milk as well as per quart. They may therefore be compared with many other foods sold by weight rather than volume. There are 2.15 pounds of milk in one standard quart.

Consumers were charged at retail for milk delivered to homes as follows: 9-1/2 cents a quart or 4.4 cents a pound on one market; 10 cents a quart or 4.6 cents a pound on 14 markets; 11 cents a quart or 5.1 cents a pound on 7 markets; 12 cents a quart or 5.5 cents a pound on 11 markets; 13 cents a quart or 6.05 cents a pound on 3 markets; 14 cents a quart or 6.5 cents a pound on one market; 15 cents a quart or 6.9 cents a pound on two markets; and 16 cents a quart or 7.4 cents a pound on one market.

Of the 40 markets reviewed, 14 are under Federal license alone, one is operating under concurrent jurisdiction of State and Federal authority; 13 have regulations issued by State milk boards under special legislative powers, and 12 markets are without any form of official regulation aside from civic health ordinances.

The review does not include allowances for proportions of milk sold by distributors at wholesale, nor does it show the milk prices prevailing at stores, which are often less than the delivered price. It does not take into consideration large supplies of relief milk which are frequently distributed at little or no profit to dealers. The review is not offered as a complete measurement of the relative efficiency of distributing systems in the 40 cities, as the margins relate only to that portion of the milk which is sold at retail and delivered to customers' residences.

In the case of the Federally licensed markets, there is no resale price established under the licenses. Therefore, on such markets, the retail price is subject to the effect of competition among dealers in the sale of milk to consumers. In many of the State regulated markets, however, established resale prices are used.

In the group of 20 markets with gross margins from 5.4 cents up to but not including 6 cents a quart, 9 are Federally licensed markets, one is a State-Federal market, 6 are State regulated markets, and 4 are unregulated markets.

In the second group of 14 markets with margins from 6 cents up to but not including 7 cents a quart, there are 5 State regulated markets, 4 Federally licensed markets, and 5 unregulated markets.

In the third group of 6 markets with margins from 7 cents a quart to more than 9 cents a quart, there are 3 unregulated markets, two State regulated markets, and one Federally licensed market.

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AMENDED MILK LICENSES FOR FOUR MICHIGAN AREAS

In order to clarify and improve the wording of the existing license without in any substantial manner altering its terms and provisions, the Agricultural Adjustment Administration has announced an amended license for Kalamazoo, Michigan. The Kalamazoo license was redrafted to conform to the approved standard form, and contains permission for the market administrator to disclose the names of violators of the license.

The price schedule to producers remains the same being \$1.85 per 100 pounds for Class 1 milk, 3-1/2 times the wholesale Chicago 92-score butter price plus 35 cents for Class 2 milk, and 3-1/2 times the Chicago butter price plus 10 percent for Class 3 milk.

The production for the Kalamazoo market has declined during the winter months, and the amount of milk used in Classes 1 and 2 has somewhat increased. February reports indicate that 64.5 percent of the milk was used in Class 1, 19.3 percent in Class 2 and 16.2 percent in Class 3, out of total deliveries amounting to 1,775,275 pounds, or about 97 percent of the entire volume.

* * * * *

The completion of an amended milk license for the Ann Arbor, Michigan, sales area clarifies and improves the wording of the license without altering its terms and provisions in any substantial way. The Ann Arbor license is redrafted in the approved standard form and also contains a provision to permit the market administrator to disclose the names of those distributors who fail to perform specific duties required under the license.

The Ann Arbor schedule of minimum prices payable to producers, f.o.b. distributors' plants in the sales area, remain the same. The price for Class 1 milk is \$1.95 per 100 pounds; for Class 2 milk, 3-1/2 times the current wholesale price of Chicago 92 score butter plus 30 percent, and for Class 3 milk, 3-1/2 times the Chicago 92-score butter market plus 10 percent.

Records show that the February, 1935, average price to producers for all milk delivered was \$1.74 per 100 pounds, or about 13 cents above the price paid by evaporating plants. This small margin to cover the extra cost of producing milk for the city market would be reduced were the Class 1 price lowered. The usage of milk in February at Ann Arbor was reported to be 57.6 percent in Class 1, 20.3 percent in Class 2 and 22.1 percent in Class 3, of a total of 1,308,550 pounds for the month.

* * * * *

In the amended milk license for the Detroit sales area, the only changes made in the original license make the terms more specific as to requirement of bonds or other security from distributors in relation to the value of their purchases of milk in any delivery period; and permit the market administrator to disclose the names of distributors who fail to perform specified acts defined in the license, within 15 days after the date on which such compliance is required under the license.

No change is made in the minimum price schedule to producers carried in the original license or in any of the other provisions aside from the points noted.

* * * * *

Adjustments of the Class 1 and Class 3 milk prices, payable to producers to meet practical requirements, and insertion of a provision requiring distributors to pay new producers the Class 3 price for all their deliveries during a probation period of 90 days, are embodied in an amended milk license for Grand Rapids, Mich.

From the date of original issuance of the Grand Rapids license in July, 1934, until November 5, 1934, the Class 1 price was \$1.85 a hundredweight. On November 5 an amended license established a price of \$2.10 per 100 pounds, designed to insure the production of enough milk to supply the market under the effect of drought. Testimony at a special hearing on March 29, 1935, indicated that there was an ample supply of milk for direct consumption, and with the spring season of flush production at hand, it is deemed unwise to maintain a Class 1 price likely to attract larger volume and depress the average net return to all producers. Hence the amended license provides a Class 1 price of \$2 instead of \$.10 as before.

At the same time the newly amended license advances the Class 3 price slightly, by providing for an allowance of 20 percent above Chicago 92 score wholesale butter quotations instead of 15 percent as before. The previous price for Class 3 milk made possible the diversion of Class 3 milk to evaporating plants at approximately 30 percent above Chicago butter quotations. The advance in the percentage allowed above the Chicago butter price for Class 3 milk will tend to correct this situation and reflect some enhanced income to producers.

The Class 2 price, payable for all milk used as fluid cream, remains the same as before, or 3-1/2 times the Chicago 92 score wholesale butter price plus 35 cents per 100 pounds.

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SPECIAL POOL TO FURNISH BANKHEAD COTTON CERTIFICATES

In order to assure a supply of Bankhead Cotton Act tax-exemption certificates for producers who may wish to purchase them early in the 1935-36 ginning season, the Agricultural Adjustment Administration has announced the formation of a special pool of unsold equities now existing in the 1934-35 tax-exemption certificate pool. It is optional with producers whether their share of the pooled certificates will be placed in the special pool. Producers who did not participate in the 1934-35 pool but are holding tax-exemption certificates issued for use last year may also place these certificates in the special pool.

This special pool, which will operate for a limited time, will have tax-exemption certificates available for sale as early as ginning begins in the more advanced cotton-growing areas. Surplus certificates will be sold by the pool at a price somewhat below the ginning tax fixed by the Bankhead Act. In this way the demand for tax-exemption certificates may be met without having to wait over a period of several weeks before surpluses that may develop in other areas are pooled and ready for distribution.

The surplus cotton tax-exemption certificate pool of 1934-35 was formed to facilitate the transfer of cotton tax-exemption certificates under the Bankhead Act. Producers surrendered to the pool surplus certificates representing a total of approximately 580,000,000 pounds, or the equivalent of 1,210,000 bales. The pool sold certificates representing approximately 400,000,000 pounds and already has paid out approximately 80 percent, or \$11,338,000, of the total amount due producers.

Unsold certificates totaling 180,000,000 pounds, the equivalent of 376,000 bales, remain to be returned on a pro rata basis to producers who surrender certificates for sale through the pool. These surplus certificates when not turned into the special pool, will be issued to producers as 1935-36 tax-exemption certificates and will be in addition to their regular allotment of such certificates under the 1935 program.

The special pool will operate for a limited time only. At the expiration of the special pool, the proceeds, less operating expenses, will be divided pro rata among the participants and if any certificates should remain unsold they will be returned to participants on a pro rata basis.

Producers who surrendered certificates to the pool last year will receive their final payment within the next few weeks. At the time these checks are distributed, each producer will be given an opportunity to repool his equity.

Operation of the pool is being limited so that the sale of certificates turned into the special pool will NOT interfere with the sale of 1935-36 certificates by producers who may have a surplus this season. These producers, in most cases, will not be ready to sell surplus 1935-36 certificates until the cotton season is sufficiently advanced to indicate definitely to individual producers whether or not they will need all of their allotted certificates.

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LIMITED AMOUNTS OF POOL COTTON TO BE SOLD

Following repeated requests from mills and merchants for certain grades of cotton for immediate consumption, Oscar Johnston, Manager of the 1933 Cotton Producers' Pool, has announced that limited amounts of Pool cotton would be available to the trade.

After the market decline of March 11, the policy of selling stocks from the Cotton Pool and replacing these stocks with futures contracts was discontinued. Recently, according to Mr. Johnston, the demand for certain grades of cotton has become strong because of limited amounts of these grades in the hands of the mill and the trade. The Cotton Pool will supply these demands for cotton on the prevailing basis, replacing the sales of actual cotton with futures contracts in order to maintain the net position of the Pool.

In announcing that sales of spot cotton would be resumed, Mr. Johnston made the following statement:

"Beginning at once, cotton will be sold to the trade at the prevailing basis and in accordance with the usual terms with which the trade is familiar. These stocks will be sold in limited quantities when the cotton is intended for immediate consumption or export. Against all sales, the Pool Manager will simultaneously purchase futures contracts, distributing these purchases at his discretion through the months of May, July and December, 1935 and January and March, 1936.

"It will be the purpose to conduct these transactions without market disturbance; to bring the futures contract as nearly as possible to a level with the prevailing spot market and to raise contract prices for the months of October, December, January and March (new crop months) with a view to bring new crop contract prices to a more satisfactory level.

"To protect the near crop months, the Pool Manager will demand and take delivery of actual cotton against May and July contracts, if such action shall become necessary to protect the contract against undue depression.

"The trade is further advised that while efforts will be made to legitimately improve the market price for cotton, nothing will be done to bring about any abnormal market situation. It will be the purpose to promote orderly marketing in accordance with sound principles."

Mr. Johnston pointed out that on Saturday, March 9, middling 7/8-inch cotton was quoted on the ten designated spot markets of America at 12.21 cents a pound; on Thursday, March 14, following the break of March 11, this price had declined to 11.46 and went as low as 11.37. Since that time there has been a substantial recovery which has carried the spot market to an average of 12.41 cents a pound. Pool cotton may now be sold at a price sufficiently above 12 cents a pound to take care of accrued carrying charges.

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LOANS ON 1934 COTTON EXTENDED SIX MONTHS

The Commodity Credit Corporation has advised the Agricultural Adjustment Administration that the maturity date of cotton producers' loans on the 1934 crop, commonly referred to as 12-cent cotton loans, has been extended from July 31, 1935, to February 1, 1936. Direct loans by the Commodity Credit Corporation upon eligible cotton under the 12-cent loan plan will be available to producers until July 31, 1935.

Extension of the maturity date of these loans means that producers who have obtained 12 cent cotton loans may make repayment, obtain the release of their pledged cotton warehouse receipts, and secure the advantage of any market rises between now and February 1, 1936. It means also that no cotton pledged as security for 12-cent loans will be taken over or sold by the Commodity Credit Corporation prior to February 1, 1936, except as provided under the terms of the loan agreement. One of these provisions is that middling 7/8-inch spot cotton must reach 15 cents a pound on the New Orleans market before it can be liquidated by the Commodity Credit Corporation prior to the extended maturity date of the loans.

With the present higher basis for spot cotton, on many grades of cotton producers in many sections have an equity over and above the loan value, plus interest and carrying charges. This extension of the maturity date will allow producers to avail themselves of the opportunity of repaying their loan and taking advantage of any equities which they may have in the pledged cotton.

Banks and other lending agencies will be permitted to carry the notes made subsequent to June 30, 1935, by executing and furnishing to each Loan Agency of the Reconstruction Finance Corporation holding such notes for the bank or lending agency a supplemental contract to purchase. Under this supplemental contract to purchase, the Corporation will purchase the notes subsequent to June 30, 1935, upon request of the bank or lending agency, paying therefor the face amount of the contract plus the prevailing rate of interest in accordance with the present contract to purchase from the date of the note to June 30, 1935 and interest at the rate of 1 1/2 percent from June 30, 1935, to the date of purchase. Provision has also been made whereby banks or lending agencies may transfer the notes to other banks.

As of May 10, 1935, the Corporation had received advices of cotton loans to producers totaling \$268,868,886.55 on 4,406,787 bales of cotton. Of this amount, the Corporation had disbursed only \$36,537,719.56 on 594,894 bales of cotton, the balance of the notes being held by banks or other lending agencies.

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SOUTHWESTERN POTATO AGREEMENT TENTATIVELY APPROVED

A marketing agreement for shippers and producers of southwestern potatoes has been given tentative approval by Secretary of Agriculture Henry A. Wallace, the Agricultural Adjustment Administration has announced. The agreement would apply to the western section of Florida and to the states of Alabama, Louisiana, Mississippi, Tennessee, Texas, Arkansas, Oklahoma, Kansas and Missouri.

In form it is almost identical with the agreement for southeastern potatoes which recently received tentative approval. It provides for period-to-period proration, regulation of grades and sizes shipped, and price-posting by shippers. It includes no provisions for individual allotments to growers because existing legislation does not fully authorize such allotments. The agreement is so drafted that it would not conflict with any legislation which might provide for compulsory sales allotments to growers. Under the agreement contracting shippers request and consent to a license to be issued by the Secretary of Agriculture at the time the agreement is finally approved.

The territory covered by the southwestern agreement would be divided into eleven districts. A control committee, made up equally of growers and shippers, would administer the agreement. Each district would have representation in accordance with its carlot shipments during the preceding calendar year. Each district which had shipped less than 2,000 carloads would have one representative elected by shippers and one by growers. Districts which had shipped between 2,000 and 5,000 carloads would have two shipper-members and two grower-members each. Each district shipping over 5,000 car loads would have three shipper-members and three grower-members.

The control committee would administer the agreement, and would be empowered to confer with growers and shippers of other areas relative to framing potato marketing agreements. Each district's delegation on the control committee would choose one of its members as representative on an executive committee.

In each district a proration committee would be established, made up of three growers, three shippers, chosen at general election, and a seventh member elected by the original six. Exceptions would be the Alabama-Florida district and the Louisiana district. Each of which would have a proration committee of nine members--four growers, four shippers, and one selected by the original eight.

The proration committees would be empowered to sit jointly to determine if the quantity of potatoes in the area ready for shipment exceeded the quantity advisable to market during some specified period. If the quantity available for shipment were the larger, the committees would determine the percentage of the available supply considered advisable to ship during the period. Each district would be allotted that same percentage of its available supply. Districts would distribute allotments to shippers according to the same ratio. Each shipper, in turn, when practicable, would handle the same percentage of each grower's available potatoes. Districts which already had shipped 95 percent or more of their total production for the season would be exempt from the proration requirements. The period allotment method is an attempt to prevent market gluts and does not endeavor to directly limit or control volume sold during the entire season.

The proration committees, before determining any period allotments, would consult with the proration committees of the southeastern area, and with those of any other potato marketing agreement which might be in effect.

Any district proration committee would be empowered to limit grades and sizes to be shipped for specified periods. During such periods of limitation Federal-State inspection of all potatoes shipped would be required. Grade and size regulation could not be required in districts where Federal-State inspection service was not available. Growers who could not ship as large a percentage of their available supply as the average for the district would be allowed by special certificate of the proration committee to ship enough of their lower grade potatoes to make up the same percentage of their supply that others were shipping.

The proration committee of any district could require shippers to file price schedules, and to file new price schedules before reducing prices below the level of any filed schedule. Testimony offered by growers and shippers at public hearings indicated a desire for such a clause in an agreement in order to control unwarranted price cutting and its destructive effects upon prices to producers.

The agreement as tentatively approved now goes to members of the industry for signature required before it can be put into effect. A majority must approve it before it is promulgated by the Secretary.

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SOUTHEASTERN POTATO AGREEMENT TENTATIVELY APPROVED

An amended marketing agreement for potatoes grown in the southeastern States has been given tentative approval by Acting Secretary of Agriculture R. G. Tugwell. The Agricultural Adjustment Administration has announced that the agreement would apply to potatoes grown in Florida, Georgia, South Carolina, North Carolina, Virginia, and Maryland. It would provide for period-to-period proration, regulation of grades and sizes shipped, and price-posting by shippers. The agreement as tentatively approved now goes to members of the industry for signature.

The amended agreement, if made effective, would replace the agreement approved by the Secretary of Agriculture on July 12, 1934, which was drafted to include the same southeastern States as the amended agreement, but was made effective only for three districts, Virginia, Maryland, and that portion of North Carolina north of Albemarle Sound. Growers in the southwestern States have proposed an agreement similar to the amended southeastern agreement which is now receiving consideration.

The tentatively approved agreement is intended to bring about a better adjustment of marketings to demand and thus to improve returns to potato growers. Testimony at the hearings on the agreement indicated a strong desire for a program which would include individual allotments to growers. Because the harvesting season is about to begin, however, and because existing legislation does not fully authorize such allotments, the agreement is being offered to the industry for signature without such an allotment provision. The agreement had been drafted in such a way that it will not conflict with any legislation designed to establish compulsory tax-exempt sales allotments to individual growers.

The tentatively approved southeastern agreement would divide the six states it covers into seven districts. It would be administered by a control committee made up of equal numbers of growers and of shippers. Each districts' shipper-representation would be based on commercial production during the previous year, with provisions for special representation for shippers who individually had handled 25 percent or more of the total shipments from the district.

In a district in which commercial production was less than 2,000 carloads shippers would elect one representative. If one or more shippers each handled 25 percent or more of the total, he or they would name an additional representative. Each district with commercial production of from 2,000 to 5,000 carloads would have two shipper-representatives, or three in case there were two or more shippers entitled to special representation for handling individually a fourth or more of the total. Districts with production of 5,000 to 8,000 carloads would have three, or under some conditions four shipper-representatives each. Districts with production of 8,000 carloads or more would have four. In each district growers would elect their own representatives, equal in number to those elected by shippers. If a man were both grower and shipper he could cast his vote for a representative with whichever group he preferred, but not with both.

Each district would have a prorate committee made up of seven members--three growers, three shippers and one chosen by the original six. An exception would be the Eastern Shore of Virginia District, which would have four growers, four shippers and a ninth member on its prorate committee.

The proration committees would be empowered to meet jointly and determine the quantity of potatoes available and intended for shipment during any specified period, and the quantity advisable to market. If the available total exceeded the advisable total, the percentage of supply that it would be advisable to market would be determined and would become the basis for making allotments to each district for the prorate period. Each district prorate committee would use the same percentage in making allotments to shippers who in turn, as far as practicable, would handle growers' potatoes on the same basis. Regulation of shipments during any prorate period would apply to all districts in which the agreement would become effective and which have not previously shipped 95 percent or more of their potatoes.

The tentatively approved agreement provides that any district proration committee may on 72 hours' notice order limitation on shipment of specified grades and sizes during any period. No ruling relating to grade could apply in districts where Federal-State inspection service was not available. The committee would determine the percentage of potatoes in the district made ineligible for shipment by any grade or size ruling. If any producer had an ineligible percentage larger than that for the whole district he could apply for exemption that would enable him to ship as large a percentage of his available potatoes as the whole district could ship.

Any district committee might require shippers to post price schedules. Any shipper who wished to reduce his prices would file a new schedule with the prorate committee. This provision was requested at the hearings by many growers in order to control unwarranted price cutting in the sale of the producers crop.

GROWERS OF DARK TOBACCO TYPES MAY REDUCE ACREAGE 30 PERCENT

Producers who have signed fire-cured or dark air-cured tobacco production adjustment contracts may elect to make a 30 percent reduction from their base acreage in 1935 instead of the 20 percent reduction called for in the Secretary's notice of extension of their contracts. The Agricultural Adjustment Administration has announced that this option is provided in an administrative ruling signed by Secretary of Agriculture Henry A. Wallace.

In effect, this ruling means that growers of the dark types of tobacco may elect to plant either 70 percent or 80 percent of their base acreage in 1935. Under its terms producers who plant not more than 70 percent of their base acreage will receive a rental payment at the rate of \$12 an acre, the same rate which applies to producers planting 80 percent of their base acreage. Consequently producers planting not more than 70 percent of their base acreage will receive rental payments proportionately larger than those who plant 80 percent. Producers will not be required to designate their choice until the 1935 acreage is measured.

The ruling applies only to the acreage and does not affect producers' poundage allotments for 1935.

In 1934, growers of fire-cured tobacco planted 75 percent, and growers of dark air-cured tobacco planted 70 percent, of their base acreage. The Secretary's notices extending these contracts into 1935 provided allotments of 80 percent of the base acreage and production for both fire-cured and dark air-cured tobacco in 1935. Yields in 1934 were unusually high, with the result that the sales of dark tobacco have been slightly larger than was anticipated at the time the contracts were extended into 1935.

Those growers, particularly whose acreage allotments are high in proportion to their poundage allotments, will find it to their advantage to plant 70 percent instead of 80 percent of their established base acreage, and thus avoid the production of excess poundage. In 1934, growers with excess production sold all or part of their excess under a ruling permitting growers of dark tobacco to sell an additional 15 percent of their allotment. It is contemplated that necessary adjustment by these growers may be accomplished this season through smaller plantings.

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SUGAR BEET AND SUGARCANE GROWERS' ADJUSTMENT PAYMENTS

Adjustment payments totaling \$10,803,196 have been paid to date to continental United States sugar beet and sugarcane producers cooperating in the sugar adjustment programs, the Agricultural Adjustment Administration has announced.

Payments made to date are the first adjustment payments on the 1934 crop. The first 1934 payment on the sugar beet program is at the rate of \$1 a ton of beets on each producer's estimated production, based on average yields and actual planted acreage. The first 1934 sugarcane payment is at the rate of \$1 a ton of sugarcane on each producer's base production. The final adjustment payments on the 1934 crop, the rate of which depends in part upon the returns received

from the sale of the crop, will be made when producers have complied with the terms of their contracts regarding acreage for the 1935 crop and other requirements. Sugarcane compliance work is near completion in Louisiana and preparations for this work are well underway for the sugar beet districts.

The payments made to date (May 4) by States are: California, \$1,057,082; Washington, \$19,822; Utah, \$736,688; Colorado, \$2,287,312; Wyoming, \$610,725; Montana, \$641,544; Kansas, \$104,162; Nebraska, \$840,238; South Dakota, \$112,494; Minnesota, \$87,482; Wisconsin, \$84,234; Michigan, \$435,915; Indiana, \$98,524; Ohio, \$116,274; Idaho, \$617,995; and Louisiana, \$2,952,698.

~~CONFIDENTIAL~~

FLORIDA SUGAR CANE PROGRAM APPROVED

Secretary of Agriculture Henry A. Wallace has approved a sugar production adjustment program for Florida, the Agricultural Adjustment Administration has announced. The program covers the 1934-35 and 1935-36 crop years and may also be extended to the 1936-37 crop year.

The base marketing allotment for Florida is 39,800 short tons in terms of 96 degree sugar. Sugarcane allotments to Florida producers have been based on past experience and acreage allotments which past yields indicate will be sufficient to produce the marketing allotments have been established. Actual production may exceed marketing allotments by not more than 10 percent. These provisions in the contract, definitely establishing the quantities of sugarcane to be produced, make the use of base acreage "options" unnecessary.

The program provides for adjustment payments to producers in 1934-35 of not less than \$1.25 a ton of sugarcane. In addition there is to be paid to the producers \$1.15 a ton of sugarcane in 1934-35 as a deficiency payment on the difference between the production allotment and the tons of cane actually harvested for grinding in 1934-35.

For the 1935-36 crop there is to be an advance payment of not less than 50 cents per ton of sugarcane produced in that crop year. The final payments provided for, when added to the advance payment and the value of the sugarcane are to result in a price equal to the 1935 parity price of sugarcane. In 1935-36 deficiency payments, because of bona fide abandonment, will be \$1 a ton if abandonment takes place before December 1, and \$1.15 per ton if abandonment takes place after that date. If the contract is extended to 1936-37 by the Secretary of Agriculture, the benefit payments are to be determined by him on a basis similar to that employed during 1935-36.

The contract contains labor provisions similar to those in other sugar adjustment contracts.

~~CONFIDENTIAL~~

CALIFORNIA FRESH DECIDUOUS FRUIT AGREEMENT NEAR APPROVAL

An amended marketing agreement for growers and shippers of California fresh deciduous tree fruits except apples has been given tentative approval by Secretary of Agriculture Henry A. Wallace, the Agricultural Adjustment Administration has announced. Major differences from the original agreement are the changing of the control committee from an organization of shippers to one in which

growers are in the majority, and the replacing of the single proration committee with a commodity committee for each of the six principal fruits included in the agreement. The tentatively approved agreement now goes to members of the industry for signature.

Changes embodied in the amended agreement were drafted with the object of making more effective the effort to bring California fruit growers' incomes toward parity. Twelve thousand growers are affected by the agreement and in 1934 the farm value of the crops it covers was \$22,291,000.

The amended agreement as tentatively approved provides for a control committee which would consist of 13 growers and 12 shippers. Grower members would be elected by their respective commodity committees. Commodities would be represented in accordance with tonnage shipped. The Bartlett pear commodity committee would select 4 of the grower members of the control committee, the peach committee would select 2, the plum committee would name 3, and the apricot committee would name one. The cherry committee would have one representative, and the winter pear committee would have 2.

The control committee would be charged with administration of the agreement. Among its specific functions would be establishing a sales managers committee of 7 members. This group would be chosen by the shipper members of the control committee, and would act in an advisory capacity to the various commodity committees.

Commodity committees would be made up of 7 members each, to be elected by growers. Representation would be by districts, and would vary according to the tonnage of the commodity shipped from each district.

Each commodity committee, subject to disapproval by a two-thirds vote of the total membership of the control committee, would make regulations for control of marketing of its own fruit. Control could take the form of proration during specified periods, grade and size limitation, and regulation of daily carload movement to market.

The provisions of the amended agreement include several innovations. In determining if proration were necessary, and if so, to what extent, fruit available for shipment would be defined as fruit conforming to the standards of the Agricultural Code of the State of California and to any grade and size limitations which might have been imposed by the commodity committee. Further, fruit in cold storage more than five days could not be taken out until the amount advisable to ship exceeded the available amount not in cold storage. With the exception of pears, all fruit to be exported on an outright sale basis would be exempt from marketing restrictions. During proration periods growers' allotments could be transferred to shippers and shippers' allotments assigned from one to another.

Under the grade and size provisions, growers who offered proof that the regulations would prevent them from marketing as large a percentage of their fruit as the commodity committee was permitting to be shipped would receive certificates enabling them to ship enough fruit to bring their percentage up to the general level. The carload regulation plan provides for holding cars at concentration points for not longer than four days and for releasing only a limited number each day. In the case of Bartlett pears it is provided that if the number of cars at all concentration points becomes excessive, a shipping

holiday of not more than forty eight hours could be ordered, during which time no shipments would be made to such concentration points.

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TENTATIVE APPROVAL OF AMENDED AGREEMENT FOR WASHINGTON FRESH VEGETABLES

An amended marketing agreement for fresh lettuce, peas and cauliflower grown in western Washington has been given tentative approval by Acting Secretary of Agriculture R. G. Tugwell, the Agricultural Adjustment Administration has announced. The existing agreement will remain in effect pending final approval of the amended agreement. Important new provisions in the agreement as tentatively approved are authority to regulate grades and sizes shipped, compulsory Federal-State inspection of lettuce and cauliflower as well as peas, and standardization of containers.

The amended agreement would be administered by a control committee and a proration committee. The control committee would consist of 11 members, selected by handlers. Six of the seven districts established under the agreement would have one representative each. The seventh, or Kent, district would have two such representatives. The other three members would be selected at large. The proration committee set-up would be unchanged, consisting of 6 members selected by growers, 6 selected by handlers, and a 13th chosen by the original twelve.

As in the present agreement, the proration committee would be empowered to control maximum volume of shipments during specified periods. The amended agreement also provides that the committee, when it appears necessary, may regulate grades and sizes to be shipped. This additional function could be used to prevent shipment of inferior types of product that depress prices and result in direct losses to growers. As an aid to grade and size regulation and also to general improvement of products shipped, Federal-State inspection of all three products covered by the agreement would be made compulsory during such part of the season as the control committee might designate.

The control committee would be given authority to establish specifications for standard containers, subject to approval by the Secretary of Agriculture. All branches of the industry have expressed special interest in this move toward standardization.

The amended agreement as tentatively approved is being forwarded to members of the industry for signature.

#33

AGREEMENT DESIGNED TO IMPROVE RETURNS TO HOP GROWERS

A marketing agreement and license for hops grown in the State of California, Oregon and Washington has been given tentative approval by Secretary of Agriculture Henry A. Wallace, the Agricultural Adjustment Administration has announced. It includes provisions for grading and inspection, minimum prices to growers, and determination each year of a maximum crop to be marketed. This last phase of the plan is drafted in a manner leaving open to growers several doors to increased production economics.

Nearly all of the country's commercial production of hops is carried on in the three states covered by the proposed agreement. Two years ago, with repeal of national prohibition obviously near, hop growers geared up production to meet an estimated annual demand for 60,000,000 barrels of beer. In 1934 the actual United States output of beer was 40,000,000 barrels, and 150,000 bales of hops were consumed instead of the estimated 200,000 bales. For 1935 the estimated crop is 250,000 bales. Estimated consumption is 175,000 bales.

A bale of hops weighs about 200 pounds. During prohibition years prices to growers ranged from 14 to 18 cents a pound. In 1933, when brewers feared that the hop supply would not be adequate the price rose to 30.4 cents a pound. In 1934 it dropped to 14.3 cents. The parity price is now about 29 cents as compared with a present market price to growers of 9 to 13 cents.

Administration of the agreement would be in the hands of a fifteen-man industry board. Seven of the members would be growers, three of them residents of Oregon, two of Washington, and two of California. There would be seven dealer-members. Of these one would be a grower-dealer residing in one of the three states covered by the agreement, and two would be dealers who lived further east. The other four would be brewers, one living in the territory to which the agreement would apply, and three living further east. The fifteenth member, neither a grower, dealer, or brewer, would be elected by the original fourteen.

The agreement calls for an advisory board in each of the three states. Each would consist of twelve growers or grower-dealers elected by the growers and grower-dealers of the state. The boards would assist the industry board in making crop estimates and after this year would elect the grower members of the industry board.

Under the provision for annually fixing a maximum to the marketed, the industry board would determine the quantity that could be marketed during the next year at prices that would effectuate the policy of the Adjustment Act. Then on some date near April 1 it would make an estimate of each grower's total estimated production of new hops; considering, among other things, acreage and previous productive capacity, age and condition of the acreage, and the grower's equipment and facilities.

If any grower were dissatisfied with such an estimate he might apply for and secure an estimate made just before harvest, when hops are in production. It is provided that the board add all individual estimates, take into consideration unsold hops and desirable carryover, and arrive at a total available tonnage of hops. From the two total figures it would arrive at a ratio between available tonnage and tonnage advisable to market, allotting to each grower marketable maximum based on this percentage. All decisions relating to allocation of salable tonnage would be made by the grower members of the industry board.

Growers who accept early estimates of their production instead of requesting estimates made just prior to harvest would be in an especially advantageous position. If, for instance, the salable percentage set by the industry board for the year were 70 percent, a grower could save money not only by reduced harvesting and shipping costs, but also by either less intensive cultivation of his entire acreage or by the cultivation of only 70 percent of his acreage. Or he might reduce the yield by taking out the male roots, and produce as a consequence seedless hops which could be sold in competition with high-priced imported seedless hops.

The agreement provides that the industry board issue certificates to growers for all old hops and for 1934 hops held at the time, as well as for the salable percentage of the 1935 crop. No hops could be marketed without a certificate accounting for the entire quantity of each lot sold. It would be possible for growers to transfer certificates to other growers, through the board.

It is provided that the board may establish standards and grades for new hops. Classification in either two or five grades would be permissible. Inspection would be in the hands of either a committee or an individual named by the board. Establishment by the board of a minimum price to growers on a medium grade of hops would be required if all seven grower members of the board favored it. Otherwise it would require a majority of the board to establish such a minimum price.

The agreement provides that if after a minimum price is set on a medium grade it becomes apparent that competition is not resulting in appropriately higher prices for better grades, prices to growers may be set for all grades by a majority vote of the board. All basic price actions would require, the approval of the Secretary of Agriculture. Changes in differentials would be subject to his disapproval. The power of the grower members, by unanimous vote, to require the setting of a minimum price would continue only until July 1, 1936.

Contracts made before January 16, 1935, would not be affected by the agreement. Any contract made later, and inconsistent with the provisions of the agreement would be superseded when the agreement went into effect.

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MOVING TOWARDS SOUND SYSTEMS OF FARMING

Following are excerpts from a recent address by Joseph F. Cox, chief of the Replacement Crops Section of the Division of Program Planning in the Agricultural Adjustment Administration.

With the crop adjustment program in its third season, the constructive use of the contracted or shifted acreage is now well understood by contracting growers as a whole. The corn-hog, wheat, cotton and tobacco contracts all permit the use of the contracted or shifted acreage for erosion-preventing and soil-improving crops, including new seedings of pasture and meadow crops or fallowing to conserve moisture and control weeds, and for planting trees for windbreak and farm woodlot purposes.

Impetus is being given to the planting of an increased acreage of legumes, the establishment of improved pastures, the growing of erosion-preventing and soil-improving crops in general, in connection with all contracts, to the production of erosion-preventing crops and feed for live-stock in the drought area, and food crops for use by the farm family in connection with the cotton and tobacco contracts. These are all practices recommended by the agricultural colleges based on the experimental research of the land grant colleges and experiment stations.

In Illinois, for instance, those in charge of the adjustment program have strongly recommended the planting of contracted and shifted acreage to new seedings of alfalfa, clover and sweet clover and to lespedeza on the acid lands of Southern Illinois. The growing of soy beans on the wheat contracted acreage for soil-improvement purposes and the planting of shifted acres taken out of corn to soy beans for seed and feed use have been encouraged in the Illinois Crop Adjustment Program. The well-established soil-improvement and crop-adjustment program of Illinois has been advanced by the use of the contracted acreage in connection with crop contracts.

Those who say that the shift from harvested crops to pasture and forage would reduce farm incomes are in error, according to the records of the Division of Farm Management of the Illinois Agricultural College. Corn belt farms with a 20 percent reduced corn acreage, replaced with legumes, have produced a little more net income to the acre during the past eight years than farms with large corn acreages.

Similar programs have been advanced in Ohio and Indiana. In Michigan new interest has been added to the alfalfa and legume campaign vigorously carried forward in Michigan since the war period. The alfalfa acreage has been increased in Michigan from 74,000 in 1919 to 860,000 in 1934, the largest increase in alfalfa in any state. The long-standing Wisconsin and Minnesota legume campaigns have also been materially advanced by the use of the contracted acres. Director Andrew Boss of Minnesota calls particular attention to the chance for profit in the production of grass and legume seed from seedlings established on contracted corn and wheat acreage and on other suitable land. He advised Minnesota farmers to plant red clover, alsike clover, redtop, canary grass, timothy and Grimm alfalfa for seed and forage purposes on the contracted acreage much needed in increased amounts.

In Iowa, Missouri and other corn belt states where drought was severe and chinch-bug occurrence is expected, the planting of soy beans on acreage retired from corn production is being particularly encouraged as well as the planting of alfalfa, lespedeza and clover, and an increase in blue grass and redtop pastures, where adapted.

In the Dakotas and Montana contracted acreage is being used for erosion-preventing crops and for quick-growing feed crops that will make up the deficiency of roughages and feed in general caused by the drought. Oats and barley for grain and hay are largely planted on the shifted corn acreage and are important crops on contracted wheat acreage for pasture and hay purposes. Extensive use will also be made of sudan grass and millet to furnish pasture and roughage.

In Oregon, Washington and Idaho the planting of new seedings of alfalfa and clovers for erosion-control and forage and seed purposes, has been increased, and large use made of contracted acreage in increasing the production of winter peas for seed and feed and of winter vetch. Seed of these crops is needed in increased amounts in the cotton belt for fall planting for soil-improvement and pasture.

In Kansas and Nebraska particular stress is being placed on the increase of sweet clover and alfalfa on contracted acreage and the planting of sorghum, sudan grass and millet in order to provide needed pasture and roughage and to prevent wind erosion. Oats and barley were largely planted on the acreage shifted from corn in these and neighboring states to provide grain feed.

In the wind-blown area of Texas, Oklahoma and Colorado the program of planting contracted acreage includes strip cropping and the planting of dwarf milo, feterita, hegari and other adapted sorghums to prevent further dust storms, should rain occur to give these crops a start and provide the feed crops much needed for use in these drought stricken areas.

Arkansas has developed a strong program of home food and feed crop production on cotton contracted acreage, and attention is called to the opportunity of planting improved pastures and summer legumes on the rented acreage in connection with all contracts. The week of April 20 was designated as "food and feed acres week". Widespread attention was called to the proper use of the contracted acreage. Planting locust trees for post purposes was also of importance in Arkansas and Tennessee.

In Louisiana, Alabama, Mississippi and Georgia the use of contracted acreage has been included in terracing projects to stop gullyling and the washing away of fertile surface soil. The growing of food and feed crops for use by the farm family and share croppers and renters has been a major use of the land taken out of cotton.

North and South Carolina and Virginia have followed similar programs of using contracted acreage, giving even greater emphasis to soil-improvement crops, including soybeans and lespedeza. This last crop has been important on the contracted acreage throughout the Southern corn belt and the cotton belt.

Kentucky and Tennessee held officially designated "lespedeza weeks" to encourage the planting of this valuable legume on contracted acreage and elsewhere.

A lasting benefit of the adjustment program is in the expediting of sound programs of crop adjustment and soil-improvement adopted by far-sighted farmers and recommended by the land grant colleges, as a result of long years of careful research in agronomy, livestock production and farm management by the various experiment stations.

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